11. Reduction of tariff values of copra and coir.

MR. K. PARAMESVARAN PILLAI (*Parur taluk*) said that the prices of cocoanuts and coir had gone down considerably and those who depended on these for their livelihood were heavily indebted. The *coir* industry itself was declining. One of the several ways of preventing the decline of this industry was to reduce the tariff values and duty on the products of the cocoanut palm. Lack of enterprise and want of capital for organising new industries prevented local people from refining the raw products and manufacturing more profitable and marketable commodities. However much the tariff values might be raised the people would only export the raw articles themselves, with the result that they would get only a very low price for their commodities. The chief commercial centre of Travancore was Alleppey and most of the mill owners there were foreigners. The high rates of duty imposed by the Government while helping to increase the profits of these mill owners affected the poor ryots considerably. The Government regarded the levy of duty only as a source of revenue as could be seen from the way in which they were fixing tariff values of *copra* from time to time. From Rs. 90 per *candy* in 1082 it was raised to Rs. 135 per *candy* in 1099. In 1102, it was reduced to Rs. 108 but in 1104 it was raised to Rs. 120. This rate continued till 1106 during which period the State was in acute economic distress. In 1106, however, it was reduced to Rs. 108 and then to Rs. 96. This reduction was insignificant and did not at all help the ryots. The rate should be further reduced or the duty itself suspended.

It is an established fact that there should be some relation between the tariff value and the market value of an article. The Government were enhancing the tariff values with the rise in market values but were not reducing them substantially when the latter declined. Even the little reduction already made was not made in time. There was no fixed policy in this respect. What the Government had to see was whether, with the enhancement of tariff values, local industries were waxing or waning and whether local industrialists were able to compete with foreigners. The Excise Commissioner, within whose functions this enquiry lay, could hardly find time to study the question and find suitable remedies. The need for organising a separate commercial department had therefore become imperative. This department would be in a position to find out new markets for local products and advise merchants in disposing of their commodities to the best advantage.

There was no duty on *copra* and *coir* in Cochin. The Travancore merchants could not therefore with advantage complete with the Cochin merchants. Further, people living in the Cochin frontier were trying to smuggle articles from Cochin. The abolition of duty would stop these vagaries. The member therefore prayed that the duty on *copra* and *coir* be abolished or if that could not be done, the duty and the tariff values be reduced to an appreciable extent.

DEWAN'S REPLY: Mr. Paramesvaran Pillai, the tariff values of *copra* and *coir* were reduced as recently as July 1931 and, at the

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moment, it is fairly near the market value. But, apart from that, in the interests of trade and also in the interests of customs revenue, it is not possible to consider any further reduction so soon.

MEMBER : We want a reduction in the tariff value so as to make it equal to the market value of the article.

DEWAN : We cannot do that so soon.

12. Export duty on tea.

MR. A. R. ST. GEORGE (*Central Travancore Planters' Association*) said that the export duty on tea was first introuced in 1916 by the Government of India as a war measure. But there was then an understanding that the duty would be withdrawn as soon as possible. The tax was accordingly abolished in 1927 or 1928 in British India. But the Travancore Government imposed the duty then which amounted to Re. 1-8-0 per 100 lbs. of tea exported. Even dust teas which paid no duty before were subjected to export duty in Travancore. In 1929, the Planters' Associations memorialised the Government on this subject and it was made clear that the Government need not lose any revenue by the abolition of this tax as it was suggested that the percentage of assessable income from tea industry might be increased from 25 to 40 per cent. besides imposing a super-tax of one anna in the rupee on incomes from this source of Rs. 50,000 and above. In December 1930, it was decided in an interview between the General Manager of the Kanan Devan Hills Produce Company and the officiating Dewan that 60 per cent. of the profits from tea industry should be fixed as the basis of taxable income without super-tax or export duty. But no further steps were taken in pursuance of that decision. The tea industry was going through a period of crisis and the prices offered at the London market for Travancore tea did not allow the producers any profit because of the export duty and the consequent unfair conpetition with other tea producers elsewhere who had no export duty to pay and whose profits were taxed only to the extent of 40 per cent. The member quoted figures to substantiate his statement. He added that the abolition of the export duty would entail some loss of revenue but the time was such that some assistance to the planters was necessary at the hands of the Government which if not given would bring about a depression in tea industry as in the case of rubber, and several estates would have to be closed down. Over-production, especially of common tea, coupled with no increase in consumption was the main cause of this depression. Already the stocks of tea available in the United Kingdom amounted to 250 million pounds. Further, the area under tea in Java and Sumatra had considerably increased and the quantity exported in 1929 was nearly double that exported in 1917. The condition of tea trade being as stated above, the Travancore planters were in a still more disadvantageous position than companies of British incorporation which paid no income tax or companies of Indian incorporation which had no export duty to pay. The interest of tea industry was so imporant that the question

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